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ABSTRACT

The revenue and expenditure limit contained in California's SB-90 legislation was the legislature's response to the Supreme Court's mandate to equalize spending among the state's public schools. An escape valve written into SB-90 granted districts the power to override the revenue limit by a simple majority vote. This paper examines the strategies employed by districts to gain passage of the overrides; the factors associated with the passage of the referenda; and the implications of these elections for the goal of equity in school spending. It was found that districts that have previously succeeded in passing overrides are much more likely to be successful in passing subsequent overrides than other districts. Voter turnout was found to depend on aspects of the timing of the election, financial consideration of the districts, the socioeconomic status of the district's residents, and the race or ethnicity of the students. Findings also suggest that the fiscal impact of the override elections is antiequalizing. Districts passing overrides tend to be above the median in family incomes and district wealth. (Author/JM)

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# IFG

## Institute for Research on Educational Finance and Governance

SCHOOL OF EDUCATION STANFORD UNIVERSITY

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Project Report No. 81-A9

# REVENUE/EXPENDITURE LIMITS AND OVERRIDE ELECTIONS: THE EXPERIENCE OF CALIFORNIA SCHOOL DISTRICTS

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June 1981

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## Abstract

This paper examines the history of the revenue/expenditure limit override elections held in California school districts from 1973-74 through 1977-78. The revenue limits and override "escape valve" were part of the legislature's response to the California Supreme Court's Serrano decision and were in effect until the passage of Proposition 13 necessitated changes in the structure of the educational finance system. In this paper, we examine the strategies employed by districts to gain passage of the overrides; the factors associated with the passage of the referenda; and the implications of these elections for the goal of equity in school spending.

We find that districts which have previously succeeded in passing overrides are much more likely to be successful in passing subsequent overrides than those districts which either defeated earlier overrides or which had no previous attempts. Voter turnout is found to depend on aspects of the timing of the election, financial consideration of the districts, the socio-economic status of the district's residents, and the race/ethnicity of the students.

The fiscal impact of the override elections is anti-equalizing. Districts passing overrides tend to be above median in family incomes and district wealth. These findings may have important implications beyond the brief history of these specific overrides, for increased numbers of states and local governments have imposed or have considered imposing revenue/expenditure limits.



## Acknowledgements

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## The Nature and Significance of this Inquiry

This paper deals specifically with the outcomes of revenue limit override elections held in California in the post-Serrano period, from 1973-74 through 1977-78. These elections were the result of an "escape valve" included in the California Legislature's attempt to equalize expenditures per student as required by the state's Supreme Court in its decision in the Serrano case. The history of these overrides is brief, for in June 1978 the voters of California passed Proposition 13 which sharply reduced property taxes and resulted in major revisions in the state's school finance programs.

The importance of these override elections goes beyond their brief history. The passage of Proposition 13, and the Proposition 13 inspired elections in other states, makes the analysis of revenue/expenditure ceilings increasingly relevant. And, where these ceilings can be lifted through override measures, the characteristics which determine the results of the override measures become a critical concern for social policy analysis. Our research indicates that it is not at all surprising that Hillsborough and Piedmont (both among California's most affluent communities) were the first to succeed in passing Proposition 13 overrides (despite the fact that a two-thirds majority is required), whereas the city of Oakland failed in its attempt. A consistent pattern emerges with the more affluent communities more frequently mounting overrides, and more frequently succeeding. The anti-equalizing implications of override elections for schools and other public services should not be ignored.

## The Setting for SB-90

### Overview

The decade of the 1970's will likely be remembered as the most tumultuous decade in the recent financial history of California. This description would certainly apply to one aspect of that history: the funding of elementary and secondary education. In a pair of decisions (known as Serrano I and Serrano II) made during the first half of that decade, the California Supreme Court declared that the existing educational finance system in the state was unconstitutional. At the end of that decade, the citizens of California passed Proposition 13, which substantially lowered the level of property taxes paid by residents to their local governments (including school districts) and ultimately led to a significant rearrangement of the roles played by the state and local sectors in the funding of education.

During the middle period of that decade, funding for elementary and secondary education followed guidelines laid out in a bill (popularly known as SB-90) passed by the legislature in late 1972. It was the intent of the legislature to produce a bill that would bring the educational finance system into compliance with the court's mandates. A major part of that law, and a radical departure from the previous system, involved a system of revenue limits which determined the maximum levels of revenue which could be raised (and spent) by the local school districts. As part of this legislation, districts were allowed to surpass these limits through the process of an override election; it is the purpose of this paper to analyze the results of these override elections. Specifically, we intend to examine whether there were significant differences among the characteristics of those districts which chose to hold elections

compared with those districts which chose not to attempt an override. Among those districts which did hold elections, we will identify those characteristics which are significantly related to the probability of success in the election.

In order to understand the importance of these elections and to set the stage for the analysis, we must first review the educational finance system which existed in the pre-Serrano days; discuss the objections to that system; and describe the legislation, SB-90, which was intended to mitigate those objections.

Pre-Serrano

California, along with many other states, used a foundation program to allocate revenues to its local school districts. Under the foundation program, a "minimum acceptable level" of educational expenditures (the foundation level) is established. The State Department of Education calculates the amount of revenue which each district could raise through the levy of a specified property tax rate on the assessed valuation within its jurisdiction; if the sum of that amount of revenue (district aid) plus the fixed amount of aid (basic aid) which the state grants to each district falls short of the foundation level, the state will grant sufficient additional funds (equalization aid) to bring the district up to the foundation level. Those districts which receive equalization aid are, in effect, paying an identical tax rate to receive an identical level of revenues. Some districts are able to exceed the foundation level through the levy of the mandated rate; in effect, these districts reach the foundation level with a tax rate below that paid by the other districts. The purpose of the foundation program is to insure that all districts can reach the minimum acceptable level of expenditures with a similar tax burden. Once a

district wishes to collect more than the foundation level of revenue, however, it must rely on the amount of assessed valuation within its jurisdiction; for the same additional tax rate, a district with a higher level of assessed valuation per student would be able to raise greater amount of revenue than a district with a lower amount of assessed valuation to support it.

The disparities can be quite great. For example, as cited by the plaintiffs in the Serrano case, in 1968-69, Baldwin Park school district could raise an additional $47.91 per elementary student by levying an additional tax rate of $1.00 per $100 assessed valuation; however, nearby Beverly Hills school district could raise $870 per student by levying the same size tax increase. As a result of this disparity, Beverly Hills was able to spend $1232 per pupil with a tax rate of only $2.38 in 1968-69, while Baldwin Park spent $577 in the same year even though its tax rate was $5.48 .[1]

In 1969, a lawsuit was filed on behalf of a student in Los Angeles County, John Serrano, Jr. against the state of California.[2] In the suit, Serrano's attorneys argued that because of the disparities in wealth among school districts, students in poorer districts were being denied equal access to educational opportunities.

## Serrano and the Courts

At the initial stage of the Serrano case, the defendants argued that the claims made by Serrano were not sufficient to constitute a cause of action. The trial court agreed and granted a dismissal of the case. Serrano appealed this decision and in August 1971, the California Supreme Court (in what has come to be known as Serrano I) ruled that if the facts supported the allegations made by Serrano, then the educational finance system was indeed unconstitutional. As a test of those facts, it ordered the case to be tried in Superior Court.

In the trial which began December 26, 1972, the court ruled that the educational finance system was unconstitutional and gave the state six years to bring the system into compliance. This judgment was appealed; in December 1976, the California Supreme Court (in what has come to be known as Serrano II) upheld the lower court.

Response of the Legislature

The trial for the Serrano case began on December 26, 1972. This date has added significance for it was on this date that SB-90 took effect. The legislature, seeing the Supreme Court's decision in Serrano I and anticipating the possible result in the Serrano trial, attempted to put together a reform package which would make the educational finance system acceptable to the courts. The result of their work, SB-90, kept the foundation program as the central aspect of the system. However, two changes regarding the foundation level were made: first, the foundation level was increased substantially; and second, a procedure was established which would provide for an automatic upward adjustment in the foundation level over the years. These changes would reduce somewhat the effects of the disparity in wealth that existed among the districts of the state. The major change in the system, however, was the introduction of revenue limits. The total revenue per average daily attendance (ADA) which was raised by the districts in 1972-73 was used as a base; this base would be increased annually by an inflation factor.[3] The size of the increase depended on the revenues which could be raised by the districts; for those districts which could raise revenues above the foundation level with their existing tax rates, the size of the upward adjustment would be decreased as the potential revenues increased further above the foundation level.[4]

It was the legislature's intention that the combination of the higher, and automatically increasing, foundation level and the revenue limits would bring about a convergence in the expenditures made by the districts of the state. However, the legislature allowed districts an escape valve which could restrict the movement toward convergence: an override provision. A district was allowed to exceed its revenue limit if the voters of the district passed, by simple majority, an override provision. These override provisions could be for any dollar amount and for any duration; the result of a successful override would be the establishment of a revenue level above the limit mandated by the state for the entire period of time proposed in the override.

SB-90 and the Courts

The defendants in the Serrano case petitioned the court to consider the finance system as it existed at the time of the trial, and not as it existed at the time of Serrano I. In effect, this meant that the defendants were confident that SB-90 brought the system into compliance with the court's interpretation of equal educational opportunity. Serrano's attorneys agreed with this inclusion and argued that even with the improvement made through the adoption of SB-90, the system was still unconstitutional. Both the trial court and the Supreme Court agreed with Serrano's attorneys. In its decision handed down in December 1976, the Supreme Court cited the finding of the trial court that "substantial disparities in expenditures per pupil from district to district that are the result of differences in local taxable wealth will continue to exist under S.B. 90 ..."[5]

The court then listed eight items which influenced this conclusion. For our purposes in this paper, two of these items are of significance. The court concluded that since the same size tax override would yield different amounts

of revenue for districts with different levels of wealth, the amount of revenue from voted override taxes would be solely determined by the amount of wealth within a particular school district. In addition, the court declared that low-wealth districts were denied an equal opportunity to exceed the foundation program by utilizing voted overrides. Thus, the court found that the possibility of voted overrides, regardless of how they were used, contributed to the objectionable nature of the system.

Of course, it mattered very much how the override elections were used if, in fact, SB-90 was going to bring about convergence of expenditure levels for districts within the state. If, for example, the probability of holding and passing an override election was related to the wealth and expenditure level of the district, so that high spending districts tended to be more likely to hold elections, and more likely to pass those elections that were held, the probability of convergence would be greatly diminished. In fact, the inclusion of the override provision could lead to a greater disparity in expenditure levels. In this paper we examine the actual history of these override elections and examine whether or not they actually exacerbated the problems related to the disparities that exist among districts.

## Override History

The revenue limit elections associated with SB-90 lasted for five years, from 1973-74 through 1977-78. That latter year marks the beginning of a new era in school finance in California due to the passage of Proposition 13 in June 1978 and the subsequent passage of legislation that replaced SB-90. During the five year period in which SB-90 was in effect, 589 revenue limit elections were held. As indicated in Table 1, the most popular years for holding the elections were the second and third years. The voters, however,

did not find the proposals during those years to be too popular, and the success rate for those two years is far below that achieved in the other three years. Tables 2 and 3 summarize the data with respect to two important characteristics of the elections: the size of the proposed increase in the tax rate, and the length of time over which the override would be in existence. Examination of the last column in each of these tables indicates that the chance for success doesn't seem to vary dramatically as either the size of the proposed tax increase or the proposed duration varies. At first glance this might seem to be unexpected, especially if the increase in the tax rate is interpreted as a measure of the increased cost of the override to the citizens. However, we must remember that the level of local support (taxes paid) depends on both the tax rate and the tax base, and that the level of assessed valuation per student varies across districts. Without standardizing for differences among districts, we cannot conclude that the size of the proposed tax increase was not important in the ultimate decision to pass or to deny the proposed override; nonetheless, the apparent lack of correlation between success rates and the size of the proposed tax increase is worthy of closer inspection.

With respect to the duration of the override, it might be reasonable to expect that districts would be more inclined to pass overrides of shorter duration since this result would allow greater local control over expenditure decisions. The data found in Table 3 seem to indicate otherwise. Except for elections which asked for tax increases over a six year period, there appears to be little difference in the success rate when the duration varies. Once again, however, our previous caveat applies: since districts vary so tremendously, we cannot say that the proposed duration is not related to the success rate until we standardize the districts by their other characteristics.

TABLE 1

NUMBER AND OUTCOME OF CALIFORNIA SCHOOL DISTRICT REVENUE LIMIT ELECTIONS, 1973-74 THROUGH 1977-78

| Year | Total Elections Held | Total Elections Passing | Percentage Passing |
|---|---|---|---|
| 1973-74 | 89 | 49 | 55.1% |
| 1974-75 | 269 | 101 | 37.6% |
| 1975-76 | 123 | 31 | 25.2% |
| 1976-77 | 72 | 33 | 45.8% |
| 1977-78 | 36 | 16 | 44.4% |
| Total | 589 | 230 | 39.0% |

Source: California State Department of Education, California Public Schools: Selected Statistics, 1973-74 through 1977-78 editions.

TABLE 2

PROPOSED TAX RATE INCREASE AND OUTCOMES OF CALIFORNIA SCHOOL DISTRICT REVENUE LIMIT ELECTIONS, 1973-74 THROUGH 1977-78

| Amount of Proposed Increase | Number of Elections Held | Number of Elections Passing | Percentage Passing |
|---|---|---|---|
| $0.01 - $0.49 | 288 | 123 | 42.7% |
| 0.50 - 0.99 | 220 | 77 | 35.0% |
| 1.00 - 1.49 | 46 | 17 | 37.0% |
| 1.50 - 1.99 | 15 | 5 | 33.3% |
| 2.00 and over | 12 | 2 | 16.7% |
| Total | 591 | 224 | 38.6% |

Source: California State Department of Education. California Public Schools: Selected Statistics, 1973-74 through 1977-78 editions.

Note: The totals for elections held and elections passing are not equal to the number indicated in Tables 1 and 3. This difference is due to eight districts which requested extensions of their previously passed overrides being classified as "no change" by the Department of Education.

TABLE 3

PROPOSED DURATION OF REVENUE LIMIT AND OUTCOME OF CALIFORNIA SCHOOL DISTRICT REVENUE LIMIT ELECTIONS, 1973-74 THROUGH 1977-78

| Proposed Duration of Revenue Limit Increase | Number of Elections Held | Number of Elections Passing | Percentage Passing |
|---|---|---|---|
| One Year | 32 | 12 | 37.5% |
| Two Years | 57 | 21 | 36.8% |
| Three Years | 82 | 28 | 34.1% |
| Four Years | 23 | 8 | 34.8% |
| Five Years | 57 | 22 | 38.6% |
| Six Years | 44 | 23 | 52.3% |
| Indefinite | 294 | 116 | 39.5% |
| Total | 589 | 230 | 39.0% |

Source: California State Department of Education, California Public Schools: Selected Statistics, 1973-74 through 1977-78 editions.

## Description of the Sample

### Characteristics of the Sample

In the sections of the paper which follow, revenue limit election results for the unified school districts in California are analyzed. Among the non-unified districts are a large number of very small, and often quite wealthy districts; the inclusion of these districts in the study could distort the results. Thus, the unified school districts are the basis for the study. The unified districts make a very representative sample. There were 251 unified school districts in California during 1973-74, the first year of the revenue limit elections. These districts accounted for 66.3% of the elementary and secondary pupils enrolled in the public school system during that year.

Seventeen of the districts which were in existence in 1973-74 were omitted from the sample which is actually used because of the unavailability of census data. When these omissions are taken into account, the 234 unified districts used in the sample still account for 63% of the total enrollment during that year. Data on the actual size of the sample the results of the elections are given in Table 4. Note that the number of elections is greater than the number of districts; this is because some districts held more than one election. In the case of multi-election districts, the district is counted as having had a successful election as long as one of its elections passed. Figure 1 compares the number of elections held and the number of successful elections for the districts in our sample with similar data for all unified districts and also for all school districts, unified and non-unified. In Figure 2, success rates in the elections over the five year

TABLE 4

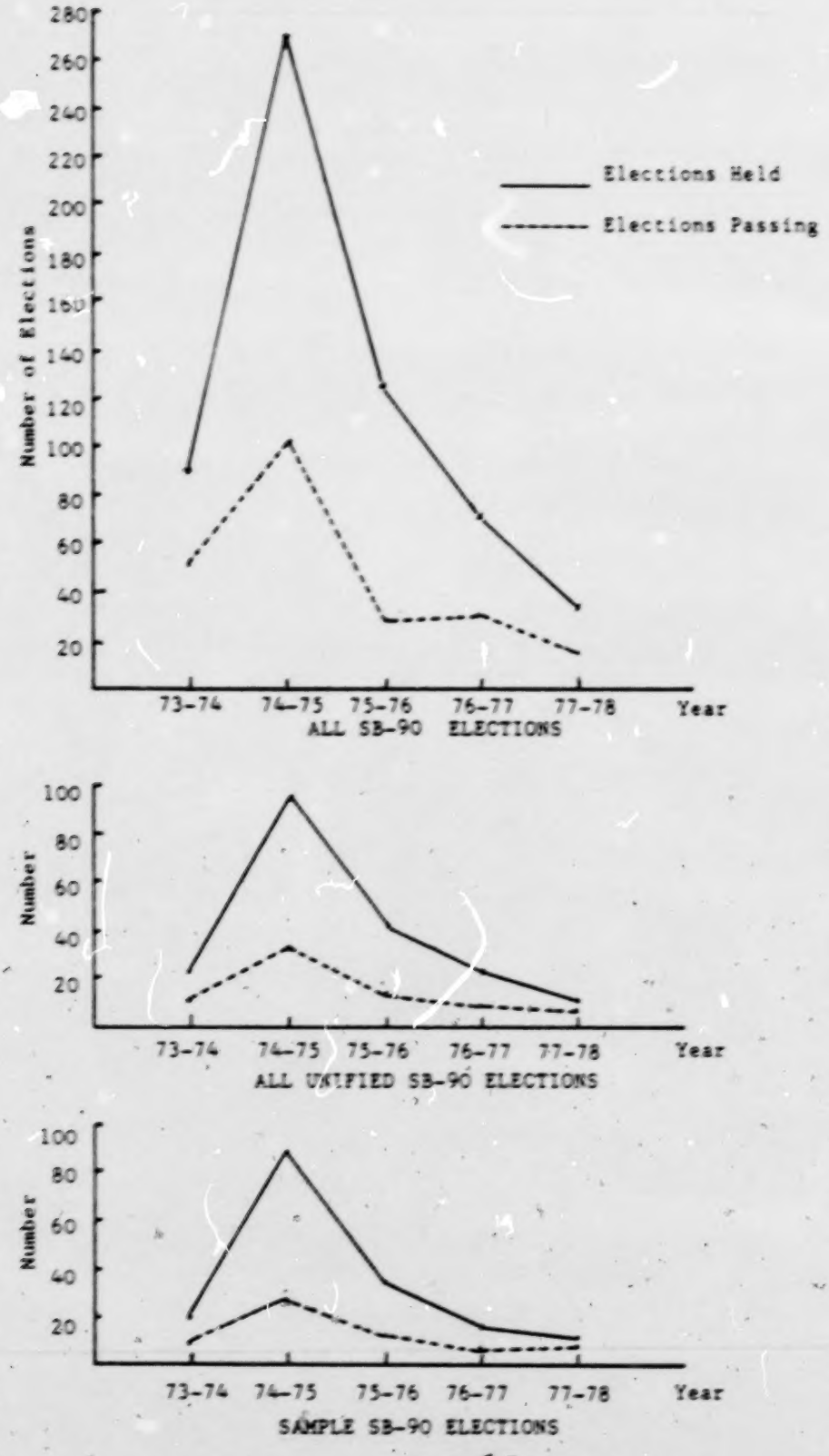
SIZE OF SAMPLE, NUMBER OF ELECTIONS HELD,
AND NUMBER OF ELECTIONS PASSING, UNIFIED DISTRICTS

| | Number |
|---|---|
| Total Unified Districts in Sample | 234 |
| Number of Districts Holding Elections | 107 |
| Number of Districts Having Successful Elections | 47 |
| Percentage of Successful Districts | 43.9% |

| Year | Total Elections Held | Total Elections Passing | Percentage Passing |
|---|---|---|---|
| 1973-74 | 20 | 6 | 30.0% |
| 1974-75 | 87 | 26 | 29.9% |
| 1975-76 | 36 | 13 | 36.1% |
| 1976-77 | 15 | 4 | 26.7% |
| 1977-78 | 10 | 6 | 60.0% |
| Total | 168 | 55 | 32.7% |

Source: California State Department of Education. Unpublished Revenue Limit Election Reports.

FIGURE 1


Number of Elections
280
260
240
220
200
180
160
140
120
100
80
60
40
20
Elections Held
Elections Passing
73-74
74-75
75-76
76-77
77-78
Year
ALL SB-90 ELECTIONS
Number
100
80
60
40
20
73-74
74-75
75-76
76-77
77-78
Year
ALL UNIFIED SB-90 ELECTIONS
Number
100
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73-74
74-75
75-76
76-77
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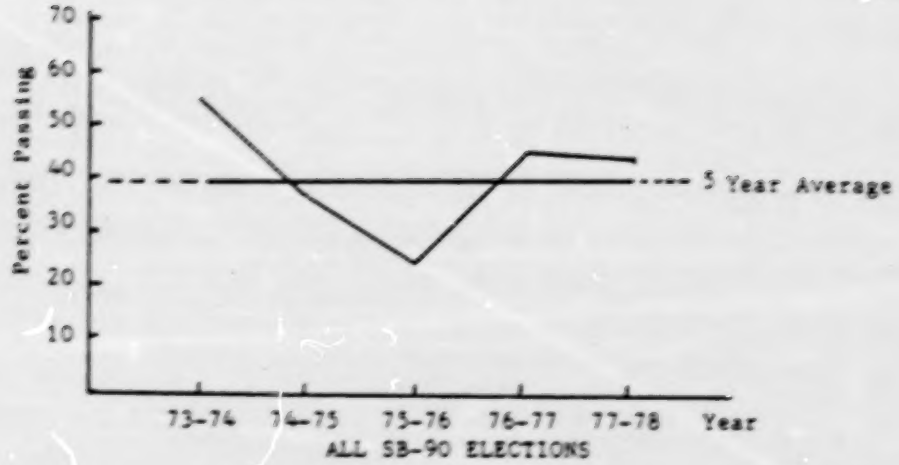
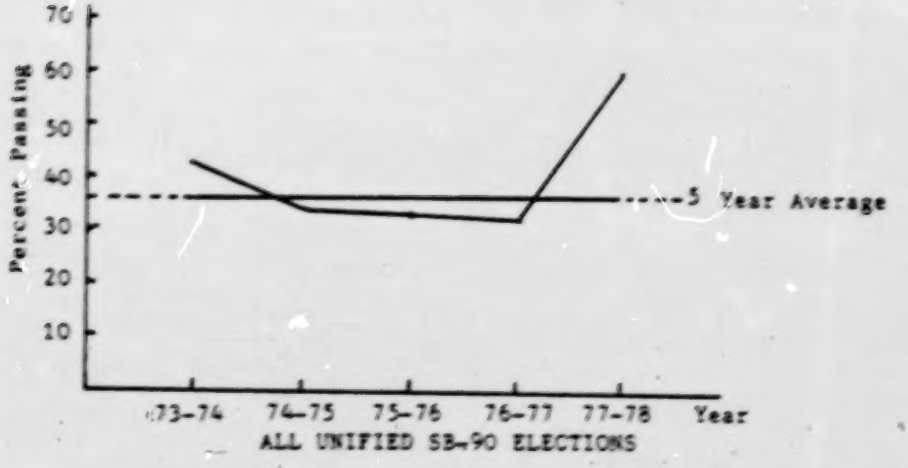
Year
SAMPLE SB-90 ELECTIONS

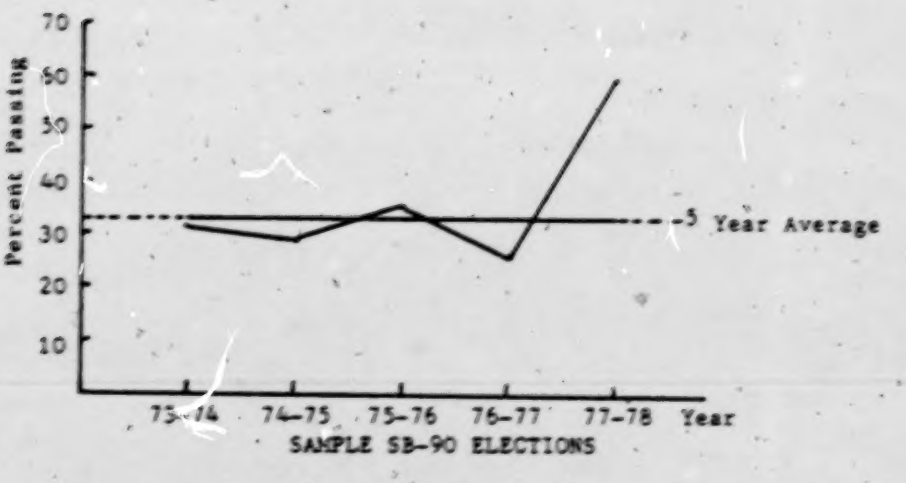
FIGURE 2




ALL SB-90 ELECTIONS




ALL UNIFIED SB-90 ELECTIONS




SAMPLE SB-90 ELECTIONS

period for all three types of districts are compared.

Districts which held SB-90 elections were not representative of unified districts as a whole. Table 5 displays selected characteristics for all 234 districts in our sample, as well as for those districts which held elections, passed at least one override, and attempted one or more override but failed.

While a comparison of the average characteristics is revealing, several words of caution are in order. Given the dispersion about these means, not all differences are significant. For example, the mean value of the growth rate for districts holding SB-90 elections is lower than that for all districts (as well as for those districts not holding elections). However, the difference between those holding elections (mean =5.46) and those not holding elections (mean = 9.6%) is not significant at the 10% level.

The major conclusion we draw from the analysis is that the mean value for the socio-economic status variables, AVGINC (average family income), HIINC (percentage of families with incomes in excess of $15,000), and COLLGE (percentage of families with college graduates) are significantly higher for districts holding elections compared with districts not holding elections. It is also important to note that although there are some differences among the districts holding elections and not holding elections with respect to the race/ethnic variables, those differences are not statistically significant.

We see in Table 5 that the districts which succeed in passing SB-90 overrides are those districts which already spend more ($1226/ADA) than the districts which failed ($1119/ADA). In addition, districts passing SB-90 elections tended to have greater assessed valuation per ADA (PROP) than districts which failed. Finally, the size of the special tax rate already in existence, TAXSPC, is significantly different between districts which pass and those which deny override elections.

TABLE 5

SELECTED CHARACTERISTICS: CALIFORNIA UNIFIED SCHOOL DISTRICTS:MEAN VALUES

| Variable | All Districts | Holding SB-90 Elections | Passing SB-90 Elections | All SB-90 Failing |
|---|---|---|---|---|
| GROWTH | 7.77 | 5.46 | 5.25 | 5.63 |
| ADA | 12,421 | 17,007 | 23,356 | 12,033 |
| AGE518 | 28.07 | 27.35 | 27.64 | 27.12 |
| AGE65 | 10.15 | 10.49 | 10.68 | 10.35 |
| TAXLIM | 3.79 | 3.89 | 3.81 | 3.95 |
| TAXSPC | .29 | .28 | .23 | .32 |
| COLLGE | 11.79 | 12.95 | 13.81 | 12.27 |
| PROFOC | 14.87 | 16.01 | 16.27 | 15.81 |
| UNEMPL | 3.45 | 3.24 | 3.22 | 3.24 |
| POVRTY | 9.62 | 8.58 | 8.97 | 8.28 |
| AVGINC | 11,480 | 12,270 | 13,010 | 11,680 |
| HIINC | 22.28 | 25.07 | 25.81 | 24.50 |
| PAROCH | 3.89 | 4.39 | 3.88 | 4.79 |
| PRVATE | 1.46 | 1.65 | 2.24 | 1.18 |
| BLACK | 3.74 | 3.73 | 3.16 | 4.18 |
| SPANSH | 15.13 | 14.42 | 15.54 | 13.55 |
| ASIAN | 1.31 | 1.35 | 1.20 | 1.47 |
| MNORTY | 20.18 | 19.51 | 19.90 | 19.21 |
| EXPEND | 1141.32 | 1165.85 | 1225.65 | 1118.63 |
| PROP | | 21,475 | 22,720 | 20,500 |

Sources of Data: California State Department of Education and 1970 Census of Population, School District Fourth Count Tape

Note: See Appendix Table 1 for description of variables.

Multi-election Districts

The components in Table 6 break down the data in two types of districts: those districts which held only one election (single election districts) and those districts which held more than one revenue limit election (multi-election districts). In the first sub-table, we note that the success rate for elections is basically the same for the single election districts and for the multi-election districts. When this information is combined with the information from the next sub-table which indicates that elections held by single election districts had a higher success rate than those held by multi-election districts, we get a picture of some districts eventually passing elections but having to endure a failure or two at first. Of the 19 multi-election districts which eventually pass an override election, 8 passed the override on the first attempt, while 11 passed the override on subsequent attempts.

In the next three sub-tables, the elections are divided into two types: the elections held by single election districts plus the first elections held by multi-election districts are referred to as first elections, while the rest of the elections held by multi-election districts are referred to as subsequent elections. It appears that the probability of an election passing does not depend on whether it is a first election or a subsequent election. However, when we divide the first elections according to the two types of districts, we find that in single election districts 33.3% of the elections passed, while multiple election districts passed only 17.5%. Finally,

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note that in the last two years in which SB-90 was in effect, only 9 districts tried elections for the first time compared with 79 first-timers during the

TABLE 6

COMPARISON OF ELECTION RESULTS : SINGLE ELECTION DISTRICTS AND MULTI-ELECTION DISTRICTS

Number of Districts Holding Elections and Number of Successful Districts, By Type of District

| | Districts Holding | Districts Passing | Percentage Passing |
|---|---|---|---|
| Single Election Districts | 65 | 28 | 43.1% |
| Multi-Election Districts | 42 | 19 | 45.2% |
| | 107 | 47 | 43.9% |

Number of Elections Held and Number of Elections Passing, By Type of District

| | Number Held | Number Passing | Percentage Passing |
|---|---|---|---|
| Single Election Districts | 65 | 28 | 43.1% |
| Multi-Election Districts | 103 | 27 | 26.2% |
| | 168 | 55 | 32.7% |

*Number of Elections Held and Number of Elections Passing, All Districts, By Timing of Election

| | Number Held | Number Passing | Percentage Passing |
|---|---|---|---|
| 1st Election | 105 | 35 | 33.3% |
| Subsequent Elections | 58 | 19 | 32.8% |
| | 163 | 54 | 33.1% |

*Number of Elections Held and Number of Elections Passing, Multi-Election Districts, By Timing of Election

| | Number Held | Number Passing | Percentage Passing |
|---|---|---|---|
| 1st Election | 40 | 7 | 17.5% |
| Subsequent Elections | 58 | 19 | 32.8% |
| | 98 | 26 | 26.5% |

TABLE 6 (cont.)

*Number of Elections Held and Number of Elections Passing, All Districts, By Timing of Election, Yearly

| | 1st Elections | | | Subsequent Elections | | |
|---|---|---|---|---|---|---|
| Year | Number Held | Number Passing | Percentage Passing | Number Held | Number Passing | Percentage Passing |
| 1973-74 | 17 | 6 | 35.3% | | | |
| 1974-75 | 57 | 18 | 31.6% | 28 | 7 | 25.0% |
| 1975-76 | 22 | 9 | 40.9% | 14 | 4 | 28.6% |
| 1976-77 | 7 | 1 | 14.3% | 8 | 3 | 37.5% |
| 1977-78 | 2 | 1 | 50.0% | 8 | 5 | 62.5% |
| | 105 | 35 | 33.3% | 58 | 19 | 32.8% |

Patterns of Subsequent Elections

| Pass-Pass | Pass-Fail | Fail-Pass | Fail-Fail |
|---|---|---|---|
| 7 | 5 | 12 | 34 |

* The total sample for this table is 163. Two districts held multiple elections on the day of their first election. There elections (5) were omitted from the sample.

Source: California Department of Education. Unpublished Revenue Limit Election Records.

previous two year period. In Table 4, it was shown that the success rate for elections in the fifth year was much higher than for the previous years. Now, we see that the reason for this pattern is the success in the subsequent elections during that last year. Of the 5 successful elections in 1977-78, 4 of them were renewals of previously passed overrides and the fifth was in a district which had had a successful initial override rejected when it first came up for renewal.

The last sub-table indicates the pattern of voting taking place in the subsequent elections. Each election result was compared with the immediately preceding election. The message seems quite clear: once an override has passed, it is likely to pass again. Of the 12 elections which followed a successful election, 7 (58.3%) were successful. If we examine the five failures closely, we conclude that this percentage actually understates the likelihood of a successful district keeping an override. Three districts are responsible for the five failing elections. In one district, three alternative override proposals were offered in the election following the first success; although all three failed, the initial override continued. The second district passed two overrides but failed on the third; ironically, the third proposal was for only $18 while the first two were for revenue increases of $130 and $164. The third district passed an override for three years; when it asked for a renewal three years later, it requested an unlimited extension of the override. After this proposal was rejected, it came back with a proposal identical to the initial one and passed it comfortably. Thus, in all three instances, the pass-fail sequence is associated with districts which, at the end of the SB-90 period, have overrides in effect.

The pattern followed in the twelve elections fitting into the fail-pass sequence gives an interesting insight into strategy followed by school boards. In each of these cases, an override provision was initially rejected. Assuming that the voters were sensitive to the size of the proposed override or to the duration of the override, we might expect the board to come back with a proposal that either lowers the amount of the override or shortens the duration. As indicated in Table 7, the strategy followed by the districts is basically not to follow a strategy. In 8 of the 12 cases, the duration is left the same; it would seem that the strategy here would be to decrease the size of the limit override. This strategy was followed by two of the districts. However, three districts actually increased the size of the proposed override and three sent back the identical measure back to the voters. Perhaps the most interesting case is the one district which waited two years and then increased the size of the override by $30, increased the duration from 3 years to 6 years, and passed the proposal.

TABLE 7

CHANGES IN ELECTION CHARACTERISTICS
FOR SUCCESSFUL ELECTIONS FOLLOWING INITIAL FAILURES

| Change in Amount of Limit Increase | Change in Duration: Increase | Decrease | No Change |
|---|---|---|---|
| Increase | 1 | 0 | 3 |
| Decrease | 0 | 2 | 2 |
| No Change | 0 | 1 | 3 |

Note: Elements in matrix refer to number of districts with that combination of changes.

## SB-90 OVERRIDE ELECTIONS: WHAT FACTORS INFLUENCE TURNOUT?

Voter turnout in public referenda has been the subject of considerable study.[6] The key issues are whether a low or a high turnout is more favorable to the outcome of the election, and whether those voters actually casting ballots are representative of the public at large.

Economists argue that voters would weigh the costs and potential gains from voting, and would avail themselves of the opportunity to vote when the perceived benefits exceeded the costs. Thus, it has been suggested "that turnout will be greater in referenda where voting costs are lower, where each voter has greater power to affect the election ..., or where the absolute value of mean gains from the referendum is larger."[7] While it has not been difficult to gain measures of voter costs and voter efficacy, "it has proven much more difficult, however, to measure the mean gain from a referendum and to link these gains to a voting population."[8]

Our approach in this paper is to examine several clusters of factors which might be related to the costs and gains of a successful referendum. The factors studied include clusters related to the costs of the referenda; the timing of the election; the district size and distribution of population in the district; financial factors unique to the district holding the override; socio-economic status and race/ethnic characteristics of the population; and the existence of private sector alternatives to the public schools in the district as well as the extent to which families have availed themselves of these private alternatives.

Table 8 displays the correlation coefficients between voter turnout (the percentage of registered voters who cast a vote on a specific override

issue) and the selected characteristics of both the specific elections and the districts holding the elections. As expected, the turnout is greater when the potential impact of the measure is greater: the larger the proposed increase in the limit, the greater is the turnout. Curiously, several measures of the existing tax effort (such as current tax rate, and school tax rate limit) are negatively associated with turnout.

Not surprisingly, voter turnout is greater in June and November than at other times of the year. Elections held in June and November are frequently primary elections or general elections; or, at the least, the school issues tend to be but one of several measures to be decided. Thus, voters may be going to the polls primarily for reasons other than the override election, and the additional cost of voting on the override issue is minimal. Districts with high proportions of elderly have a higher turnout, as do districts with higher proportions of low income individuals (those individuals in families with incomes below $4,000 per year). Whether these associations are due perhaps to a lower opportunity cost of voting or merely due to a collinearity with other factors cannot be seen by this simple correlation analysis. Total school taxes paid per capita, as well as the level of assessed valuation per ADA, is positively associated with the size of the voter turnout. Finally, it should be noted that districts with high proportions of minority students, particularly blacks, show a reduced voter turnout.

It should be emphasized that the review of the correlation between turnout and selected district and election characteristics does not measure the contribution of the various individual factors to voter turnout; it is possible that the measured correlations, whether significant or not, may be reflecting collinearity with numerous other factors. To examine estimates of the net

TABLE 8

CORRELATION BETWEEN REVENUE LIMIT OVERRIDE ELECTION TURNOUT AND SELECTED DISTRICT CHARACTERISTICS: CALIFORNIA UNIFIED SCHOOL DISTRICTS, 1973-74 THROUGH 1977-78

| Election Characteristics | Simple Correlation Coefficient: r |
|---|---|
| Increase in Revenue Limit | +.232* |
| Required Tax Rate Increase | +.060 |
| Revenue Limit Proposed | +.085 |
| Current School Tax Rate | -.159* |
| Term, Fixed Term= 0, Unlimited= 1 | -.071 |
| **Timing Characteristics** | |
| Election Held in June, June=1, Other=0 | +.427* |
| Election Held in November, Nov.=1, Other=0 | +.266* |
| Year, 1973-74=1, 1974-75=2, etc. | +.069 |
| Prior Failing Election that Year, Yes=1, No=0 | -.090 |
| Election Failing in Previous Years, Yes=1, No=0 | +.104 |
| Election Passing in Previous Years, Yes=1, No=0 | -.046 |
| **District Size, Growth, and Age Distribution** | |
| Average Daily Attendance (ADA) 1973-74 | -.119 |
| Percent Increase in ADA, 1967-72 | +.021 |
| Percent of Population Aged 5-18 | -.108 |
| Percent of Population Aged 65 and Over | +.200* |
| **District Financial** | |
| School Tax Rate Limit | -.172* |
| Special Purpose Tax Rate | -.183* |
| Assessed Value per ADA, 1973-74 | +.185* |
| Total Taxes Paid Per Capita | +.176* |
| **Socio-Economic Status** | |
| Percent College Graduates | -.056 |
| Percent in Professional Occupations | -.120 |
| Percent Unemployed | -.139 |
| Average Family Income | -.035 |
| Percent of Families with Income Below $4000 | +.217* |
| Percent of Families with Income Above $15,000 | -.117 |

CONTINUE NEXT PAGE

TABLE 8 CONTINUED

| Substitute for Public Education | Simple Correlation Coefficient |
|---|---|
| Percent of Students Attending Parochial Schools | -.121 |
| Percent Attending Other Private Schools | +.106 |
| Total Percent, Parochial and Private Students | -.020 |
| **Race/Ethnic Characteristics** | |
| Black Students as Percent of Total | -.248* |
| Spanish Surname Students as Percent of Total | -.042 |
| Asian Students as Percent of Total | -.192* |
| Total Minority Students as Percent of Total | -.177* |

N = 168

Mean Turnout (Unweighted) = 51.8%

*Significant at 5% Level

Sources of Data: California State Department of Education and 1970 Census of Population, School District Fourth Count Tape.

impact of the various factors, after the influences of other factors have been taken into account, we turn next to our regression results depicted in Table 9.

Not surprisingly, elections held in June and November have a much higher voter turnout. Again, overrides being held at these times are held in conjunction with other elections. Somewhat surprisingly, for the unified districts holding SB-90 override referenda, voter response was greater in June than in November. Some of the financial characteristics for the districts and for the specific elections were significantly associated with turnout. The greater the proposed increase and the greater the existing school tax paid per capita, the higher was the turnout. It was anticipated that overrides with unlimited duration, implying a long term financial impact, would be associated with a greater turnout than for those elections in which the duration of the override was fixed. However, the reverse is true. This unexpected finding may be a reflection of the strategy employed by school district decision makers. If, for example, an override does not appear to generate controversy in the district, an indefinite term override might be proposed; however, school district decision makers might seek to reduce controversy when it appears likely by proposing an override for a fixed term. If this explanation is valid, controversial overrides which would tend to heighten voter interest and attract a higher voter turnout would generally be put forth for a fixed term and would result in the negative coefficient for the variable TERM. In view of this unexpected association, the equation is shown first with TERM included, and then with TERM omitted. Note that the other coefficients are stable across these two runs; thus none of the other findings is dependent on whether or not TERM is included.

TABLE 9

REVENUE OVERRIDE ELECTION TURNOUT (PERCENT OF ELIGIBLES VOTING)

| Independent Variables | Regression Coefficients (Sampling Errors in Parentheses) | |
|---|---|---|
| Timing | | |
| JUNE | 20.454<br>( 2.064) | 20.207<br>( 2.100) |
| NOVMBR | 16.986<br>( 2.287) | 16.272<br>( 2.312) |
| Financial | | |
| INCRS | .012<br>( .005) | .011<br>( .005) |
| TAXPAID | .023<br>( .009) | .022<br>( .009) |
| TERM | -4.680<br>(1.782) | ----- |
| Socio-Economic | | |
| LOWINC | .380<br>( .136) | .389<br>( .138) |
| Race/Ethnic | | |
| BLACK | -.320<br>( .107) | -.341<br>( .109) |
| Constant | 34.752 | 33.473 |
| $R^2$ | .491 | .472 |
| S.E.E. | 11.230 | 11.434 |
| N | 168 | 168 |

Note: See Appendix Table 2 for means and standard deviations of variables used in equations.

Districts with higher proportions of low income families (LOWINC) show a greater turnout. This may be a reflection of the lower opportunity cost of voting or, possibly, the perception of heightened net benefits. If the poor perceive their children gaining major benefits from the public schools, for example, by viewing the public schools as a means to upward mobility, a positive relationship between the percentage of low income families in a district and the voter turnout would result. Finally, districts with high proportions of blacks (BLACK) have a lower turnout.

The variables included in our model accounted for nearly half of the original variance in turnout. One is, however, cautioned about generalizing from these results. While the sample consists of almost all SB-90 override elections held in unified districts in California, it is equally clear from our earlier analysis that the districts which held overrides were atypical: districts holding elections tended to be more affluent, both in terms of property wealth and family income, than the average district. Thus, when we examine the success or failure of override elections, we are dealing not only with the outcomes of specific referenda, but also with the issue of which districts decided to attempt overrides.

Finally, while it is of interest to examine the factors associated with voter turnout and to again an understanding of the representativeness of voters, our findings on the determinants of election outcomes indicate that concern over turnout may be of limited importance for policy purposes. For, although there is a positive and significant correlation between turnout and the percentage of voters voting "yes", once the effect of other factors is taken into account, turnout has no significant impact on the election outcome. This conclusion is consistent with earlier findings for tax and bond elections in unified districts in California.[9]

## Election Outcomes: Which Districts Succeeded? Which Failed?

This section examines the factors which are associated with approval of referenda. Table 10 displays the degree of association (simple correlation coefficient) which exists between the percent of voters favoring passage (percent voting "yes") and selected district characteristics. The factors are grouped into seven categories: election characteristics; timing characteristics; district size, rate of growth, and age distribution; district financial characteristics; socio-economic status; the extent to which students attended substitutes for public schools; and race or ethnic characteristics of the student body.

Those correlation coefficients which are statistically significant (at better than the 5% level) are indicated by an asterisk. In interpreting these findings, it should be borne in mind that the correlation coefficient does not measure the net impact of a given factor on election outcome; rather, it merely represents that there is a degree of association, positive or negative.

Several findings regarding election characteristics are of particular importance. First, the higher the revenue limit, the greater is the favorable vote. Thus, it would appear that districts with high limits will have a greater probability of success than those with lower limits. While this is a simple correlation and does not "net out" other factors, it does imply that the override "escape valve" serves to reinforce existing inequalities in spending. Second, those districts which are characterized by high existing school tax effort will experience greater difficulty in passing overrides. Third, it is also notable that districts which have successfully mounted override campaigns in previous years will tend to have greater success than those districts which

TABLE 10

CORRELATION BETWEEN REVENUE OVERRIDE ELECTION OUTCOMES (PERCENT VOTING "YES") AND SELECTED DISTRICT CHARACTERISTICS: CALIFORNIA UNIFIED SCHOOL DISTRICTS: 1973-74 THROUGH 1977-78

| Election Characteristics | Simple Correlation Coefficient |
|---|---|
| Election Turnout | +.158* |
| Increase in Revenue Limit | +.148 |
| Required Tax Rate Increase | -.106 |
| Revenue Limit | +.231* |
| Current School Tax Rate | -.223* |
| Term | +.039 |
| **Timing Characteristics** | |
| Election Held in June, June=1, Other=0 | -.035 |
| Election Held in November, Nov.=1, Other=0 | +.153* |
| Year, 1973-74=1, 1974-75=2, etc. | -.011 |
| Prior Failing Election that Year, Yes=1, No=0 | +.010 |
| Election Failing in Previous Years, Yes=1, No=0 | -.116 |
| Election Passing in Previous Years, Yes=1, No=0 | +.237* |
| **District Size, Growth, and Age Distribution** | |
| Average Daily Attendance (ADA), 1973-74 | +.010 |
| Percent Increase in ADA, 1967-72 | -.075 |
| Percent of Population Aged 5-18 | -.116 |
| Percent of Population Aged 65 and Over | +.155* |
| **District Financial Characteristics** | |
| School Tax Rate Limit | -.117 |
| Special Purpose Tax Rate | -.356* |
| Assessed Value per ADA, 1973-74 | +.163* |
| Total School Taxes Paid Per Capita | +.085 |
| **Socio-Economic Status** | |
| Percent College Graduates | +.186* |
| Percent in Professional Occupations | +.122 |
| Percent Unemployed | -.024 |
| Average Family Income | +.244* |
| Percent of Families with Income Below $4000 | +.049 |
| Percent of Families with Income Above $15,000 | +.138 |

CONTINUED ON NEXT PAGE

TABLE 10 CONTINUED

| Substitute for Public Education | Simple Correlation Coefficient |
|---|---|
| Percent of Students Attending Parochial Schools | -.090* |
| Percent Attending Other Private Schools | +.184* |
| Total Percent, Parochial and Private Students | +.051 |
| **Race/Ethnic Characteristics** | |
| Black Students as Percent of Total | -.049 |
| Spanish Surname as Percent of Total | +.002 |
| Asian Students as Percent of Total | -.110 |
| Total Minority Students as Percent of Total | -.033 |

N = 168

Mean Percent Voting "Yes" = 45.5%

*Significant at 5% Level

Sources of Data: California State Department of Education and 1970 Census of Population, School District Fourth Count Tape

have not yet made an attempt, or have failed in previous attempts. Success, and the factors associated with it, tends to lead to further success.

Two district financial factors were significant. Higher special purpose tax rates were associated with a smaller favorable vote. Of all the factors tested, this had the highest (in this case negative) correlation coefficient. Assessed valuation per ADA, the key factor on which the courts focused in the Serrano case, is positively associated with a favorable vote. Given that more than half (54.2%) of the districts holding SB-90 override elections had assessed valuation per ADA above the median value for all districts and that property wealth is positively associated with a favorable response at the polls, the equalization intended by the revenue ceiling is thwarted. This conclusion is compounded by the finding that two measures of socio-economic status, percentage of college graduates in the district and average family income, are positively associated with election success.

With respect to private sector substitutes for public education, it is of interest that the percentage of the district's students who attend private nonparochial schools is positively associated with the percentage of the voters favoring passage of the override.

The impact of voter turnout on referenda outcome has been subject of considerable debate.[10] Without standardizing for other factors, turnout is positively associated with a favorable vote. The finding that November elections are associated with greater success may be reflecting the same phenomenon. In this sample, voter turnout is higher in November than any other month, with the exception of the June elections.

Table 11 presents estimates of the net impact of various district characteristics on the override election results. The dependent variable is YESVOT (the percentage of voters voting yes in the election). Two versions of the equation are presented. The first two variables listed in Table 11 are related to the timing of the override elections. When all other characteristics are held constant, the percentage of voters favoring passage of the override election declines each year. Both forms of the equation indicate that the percentage voting yes declines 3.3 percentage points per year. It is possible that the variable, YEAR, acts as a proxy for the "tax climate" in California. As is well known, in 1978, Proposition 13 was passed by a large majority. The negative coefficient in our equation might indicate that as the year gets closer to 1978, the climate for passage of measures which increase taxes becomes less favorable.

As another interpretation for this negative coefficient, we note that many of the districts which passed overrides in the early years, passed them for durations of more than three years so that there was no need to renew them before 1978. This means that a number of districts, all of which were positively inclined toward the passage of overrides were not in the "pool" of districts which sought overrides in the later years. If, in fact, some characteristics which are not included in our equations are correlated with the first successful districts, the negative coefficient for YEAR might act as a proxy for that group of characteristics.

The other timing variable, PASSP, is estimated as having a significant, positive impact on the percentage of yes votes, such that districts with previous success in passing SB-90 overrides (PASSP=1) will have, all else equal, a greater than 9 percentage point higher YESVOT than those districts which did not previously succeed.

TABLE 11

REVENUE OVERRIDE ELECTION OUTCOMES (PERCENT VOTING "YES")

| Independent Variables | Regression Coeffiecients (Sampling Errors in Parentheses) | |
|---|---|---|
| Timing | (1) | (2) |
| YEAR | -3.302<br>( .929) | -3.265<br>( .924) |
| PASSP | 9.427<br>(2.754) | 9.800<br>(2.753) |
| Financial | | |
| CURTAX | -2.125<br>( .794) | -2.243<br>( .798) |
| TAXSPC | -13.319<br>(3.803) | -14.209<br>(3.792) |
| Substitute | | |
| PAROCH | -.819<br>( .223) | -.848<br>( .223) |
| PRVATE | .541<br>( .241) | ----- |
| Socio-Economic | | |
| AVGINC | .888<br>( .232) | 1.134<br>( .233) |
| Race/Ethnic | | |
| SPANSH | ----- | .151<br>( .062) |
| Constant | 56.151 | 52.739 |
| $\bar{R}^2$ | .294 | .297 |
| S.E.E. | 9.422 | 9.400 |
| N | 168 | 168 |

Note: See Appendix Table 2 for means and standard deviations of variables used in equations.

The significant negative coefficient for the tax measure, CURTAX (the tax rate being levied in the district at the time of the election), confirms the expectation that when tax rates are already high, a greater resistance to override passage can be anticipated. The other financial variable, TAXSPC, is an interesting case. This variable measures the addition to the general purpose tax rate which the district has voted in the past to support special educational expenditures. We can't be sure a priori of the extent to which this variable might influence the vote. On the one hand, the higher TAXSPC, all other things equal, the higher the taxes paid by the residents of the district. Following the comments made above regarding the importance of the size of the current tax being levied, we would expect this variable to have a negative coefficient. However, the variable might be interpreted as a measure of the taxpayers' demand for education since it indicates a willingness in the past to levy additional taxes to support education. If this were the case, the coefficient would be positive. Since we can't predict a priori, we must rely on the empirical results to shed some light on the importance of the TAXSPC variable. In fact, the first interpretation seems to be the relevant one, as the coefficient for TAXSPC is negative and highly significant.

One measure of socio-economic status is highly significant: average family income (AVGINC) measured here in thousands of dollars. Thus, for each thousand dollar increase in the district's average family income, the YESVOT increases about 1 percentage point.

A high rate of parochial school attendance appears to dampen the chances for passage of revenue limit overrides. However, attendance at other (nonsectarian) private schools appears to have the reverse effect. Is it inconsistent to find that private nonparochial attendance is positively associated

with the percentage of voters favoring passage of the public school revenue limit override? We think not, for it is quite feasible that private school attendance may in part be a reflection of a "taste" favorable to education. This possibility is supported by the estimated coefficients which suggest that each percentage point increase in private nonparochial school attendance is associated with a one-half percentage point increase in the proportion of voters favoring the passage of the override.

This last finding must be tempered with caution. An alternative form of our equation was run (version 2). The difference between the two forms is the substitution of SPANSH (percentage of Spanish surname or Chicano students in the district) for PRVATE (percentage of district students attending private nonparochial schools). Each of these variables is significant at a greater than 5% level in its respective equation, and each is estimated to have a positive impact on the election outcome. On purely statistical grounds there is little to recommend one equation over the other, although version 2 with SPANSH has a marginally larger adjusted $R^2$ and a marginal reduction in the standard error of estimate (S.E.E.).

It is noteworthy that the changes proposed by the override measure were not significant determinants of outcome. Neither the duration of the override (fixed term or unlimited) nor the size of increase sought (measured either by the proposed dollar increase in the revenue limit, or by the proposed increase in the school tax rate) was significant. Also noteworthy is the low coefficient of determination. Less than 30 percent of the original variance observed in YESVOT is explained by our model. Once again we find that we can do better explaining the factors associated with voters going to the polls than with how they voted.

## Private Sector Alternatives and SB-90 Override Election Results

Alternatives exist to public education in many of the 234 unified districts in our total sample. Overall, 3.89 percent of the students in California's unified districts attended parochial schools, while an additional 1.46 percent attended nonparochial private schools.[11] Of importance to the present study is the impact that the existence of these alternatives has on the choices made by voters (and school administrators, as well) with respect to approving higher expenditures for public schools. A number of questions arise. First, in districts with high proportions of parochial and nonparochial private school students, would there be reduced pressure for holding overrides? Would public school officials be more reluctant to attempt overrides for fear of failure?[12] Second, the decision to enroll in private or public school may be one of joint determination.[13] It is not at all clear that the effect will be adverse with respect to the public schools. What would determine the impact of increased proportions of children enrolled in private schools in a district on public school spending and on the outcomes of public school referenda measures? The result depends on the motivations of those families sending children to private schools. For example, families which value education very highly may be maximizing their welfare by sending their children to private schools, while at the same time favoring high spending levels in the public schools to insure quality schooling for their neighbors. They may perceive the receipt of significant positive externalities from the education received by the children of their neighbors.[14] Third, is it possible that the factors influencing enrollment in parochial schools may differ from those affecting nonparochial private school enrollment? If so, then the relative size of enrollment in the two types

of schools could have separate, and quite different, effects on referenda that affect the levels of spending in the public schools.

Table 12 displays in summary form the relationship between SB-90 elections and parochial and nonparochial private school attendance. First, it should be noted that in about 55 percent of the districts holding SB-90 override elections, the proportion of students in parochial schools was above the median proportion for all districts. The same was true for private school attendance. However, the association is quite different when one reviews the results of the elections held. While 55 percent of the districts holding override elections have relatively high proportions of parochial students, less than 47 percent of the districts passing elections were above the median in parochial school attendance relative to overall school attendance. In addition, almost 62 percent of the districts failing to pass overrides were from this above median group. This pattern was not repeated for nonparochial private schools. Those districts with a relatively high nonparochial private school attendance (above the median) were more likely to hold and to pass override elections than districts with a low proportion of these students. Thus, it would appear that parochial school attendance is negatively associated with override passage, while private school attendance is not. This finding receives further confirmation from our regression analysis where the percent of the district's voters favoring passage of override measures is negatively associated with parochial school attendance (PAROCH), but positively associated with private school attendance (PRVATE). This provides further support to the proposition that one should not treat private school attendance as a single aggregate measure; rather, it must be disaggregated into its major component parts. Further disaggregation of parochial school attendance into its sectarian components, and nonparochial

TABLE 12

PRIVATE SECTOR ALTERNATIVES AND OVERRIDE ELECTION RESULTS

| District Characteristic | Number of Districts Where Elections Were: | | |
|---|---|---|---|
| | HELD | PASSED | ALL FAILED |
| Percent Parochial (PAROCH) | | | |
| BELOW MEDIAN | 48 (44.9%) | 25 (53.3%) | 23 (38.3%) |
| ABOVE MEDIAN | 59 (55.1%) | 22 (46.8%) | 37 (61.7%) |
| Percent Other Private (PRVATE) | | | |
| BELOW MEDIAN | 48 (44.9%) | 22 (46.8%) | 26 (43.3%) |
| ABOVE MEDIAN | 59 (55.1%) | 25 (53.2%) | 34 (56.7%) |

private school attendance into several components (for example, military and nonmilitary, or high spending and low spending) might reveal further differential effects on public school outlays and referenda outcomes.

## Districts Holding, Passing and Failing Overrides: A Complementary Approach

The dependent variable used in the regression analysis of the last section was the continuous variable, YESVOT. While that analysis is quite revealing, it does not directly assess the relationship between district characteristics and the passage or failure of the override. The following section directly examines this association. The two key measures selected for detailed analysis are the characteristics which were central to the Serrano case: district wealth (assessed valuation per ADA) and average family income.

Before we make that analysis, however, we take another look at how the districts which hold, pass, and reject override proposals differ. In Table 5 we compared mean values for selected characteristics; now we use an alternative approach. In Table 13 we indicate what percentage of the districts that hold, pass, and reject overrides had values above the median for selected characteristics. For example, we see that nearly 63% of the districts that held elections had average incomes above the median for all districts. Districts which held elections were also more heavily drawn from the top half in terms of district wealth (assessed valuation per ADA), school tax rates, district size, and the percentage of students attending parochial and nonparochial private schools.

Nearly 62 percent of the districts passing one or more overrides were in the top half of all districts in terms of property wealth, and nearly 64 percent were above the median in terms of family income. While districts holding SB-90

TABLE 13

DISTRIBUTION OF DISTRICTS HOLDING, PASSING,
OR FAILING SB-90 ELECTIONS, ABOVE MEDIAN VALUE FOR CHARACTERISTICS,
UNIFIED SCHOOL DISTRICTS, 1973-74 THROUGH 1977-78

| District Characteristic | Percentage of Districts Above Median Value, by Selected Characteristics | | |
|---|---|---|---|
| | Districts Holding Elections | Districts Passing Elections | Districts Rejecting All Elections |
| Assessed Valuation/ADA | 54.2 | 61.7 | 48.3 |
| Tax Limit | 58.9 | 55.3 | 41.7 |
| ADA | 54.2 | 48.9 | 58.3 |
| Mean Family Income | 62.6 | 63.8 | 61.7 |
| Percentage Parochial | 55.1 | 46.8 | 61.7 |
| Percentage 'Other Private' | 55.1 | 53.2 | 56.7 |

Source: California State Department of Education, and 1970 Census of Population, School District Fourth Count Tape.

overrides tended to be higher in terms of the percentage of students attending parochial schools, less than 47 percent of those districts passing overrides had parochial school attendance above the median for all districts. The implication is, of course, that parochial school attendance is inversely related to override election success. This finding further confirms the results from our regression findings. Note also that somewhat above 61 percent of the districts which held override elections but which failed to pass any of them, were above the median in terms of parochial school attendance.

Table 14 provides further confirmation of these findings. We see that 36.2 percent of the districts passing at least one override were in the top one-half in terms of both property wealth and average family income, whereas only 10.6 percent of the successful districts were below the median in both of these characteristics.

The implications of these results for meeting Serrano and Serrano-type requirements to equalize spending are now clear. Those districts characterized by higher expenditures, property wealth, and income are the most successful both in mounting and passing revenue limit overrides.

## Conclusions and Policy Implications

The revenue/expenditure limit contained in California's SB-90 legislation was the legislature's response to the Supreme Court's mandate to equalize spending among the state's public schools. An escape valve written into SB-90 granted districts the power to override the revenue limit by a simple majority vote. The Supreme Court ruled that the legislature's reform, as evidenced by SB-90, was not sufficient to bring the educational finance system into compliance with the Court's interpretation of equal educational opportunity. This conclusion by the Court was based, in part, on the potentially anti-equalizing aspect of

TABLE 14

DISTRIBUTION OF DISTRICTS WITH SB-90 OVERRIDE ELECTIONS HELD, PASSING, AND FAILING, PARTITIONING BY DISTRICT PROPERTY WEALTH AND MEAN FAMILY INCOME

(A)

DISTRICTS HOLDING OVERRIDE ELECTIONS

Assessed Valuation / ADA

| Family Income | Lower | Higher | Total |
|---|---|---|---|
| Lower | 15 | 25 | 40 |
| | 14.0% | 23.4% | 37.4% |
| Higher | 34 | 33 | 67 |
| | 31.8% | 30.8% | 62.6% |
| Total | 49 | 58 | 107 |
| | 45.8% | 54.2% | 100% |

(B)

DISTRICTS PASSING OVERRIDE ELECTION(S)

Assessed Valuation / ADA

| Family Income | Lower | Higher | Total |
|---|---|---|---|
| Lower | 5 | 12 | 17 |
| | 10.6% | 25.5% | 36.2% |
| Higher | 13 | 17 | 30 |
| | 27.7% | 36.2% | 63.8% |
| Total | 18 | 29 | 47 |
| | 38.3% | 61.7% | 100% |

TABLE 14 (cont.)

(C)

DISTRICTS HOLDING SB-90 OVERRIDE ELECTION(S)
BUT NONE PASSING

Assessed Valuation / ADA

| Family Income | Lower | Higher | Total |
|---|---|---|---|
| Lower | 10 | 13 | 23 |
| | 16.7% | 21.7% | 38.3% |
| Higher | 21 | 16 | 37 |
| | 35.0% | 26.7% | 61.7% |
| Total | 31 | 29 | 60 |
| | 51.7% | 48.3% | 100% |

Note: Higher means above median (top one-half) for all districts in terms of specific characteristic; lower means below median (bottom one-half) for all districts in terms of specifc characteristic.

the override provision. It is now clear from the five year history of SB-90 that the Supreme Court's concerns were justified.

Districts holding elections were not representative of districts across the state; rather, they tended to be characterized by higher spending, higher property wealth; and higher income levels than districts not holding elections. Districts passing overrides displayed similar characteristics relative to those districts not passing overrides. Thus, a two-stage filtering process was in operation: wealthier districts were more likely to hold elections, and among those districts that did hold elections, the wealthier ones were more likely to pass their overrides.

The importance of these findings extend beyond the history of SB-90 overrides. The present proliferation of revenue/expenditure limitations in the wake of California's Proposition 13 appear to be motivated by the desire to hold back state and local government spending rather than to equalize that spending across all jurisdictions. Nonetheless, our findings suggest that if override provisions are written into revenue/expenditure limit legislation, the more affluent jurisdictions will have greater success in passing those overrides and, thus, widening the disparities in the quantity and quality of public services among local governments.

## FOOTNOTES

1. Serrano v. Priest (1971).

2. The suit was actually filed against Ivy Baker Priest, California State Treasurer at that time. In effect, the suit was against the California legislature which had written the educational finance legislation. For our purposes in this paper, we will refer to the plaintiff as Serrano, and the defendant as the state of California.

3. The determination of the limit was actually more complex than this; the base was actually the total revenue raised from local tax rates plus certain state grants minus special purpose revenues which had been raised during that year.

4. SB-90 stated that an inflation adjustment would be jointly determined by the Department of Education and the Department of Finance. Later legislation, AB-1267, which is sometimes referred to as the "SB-90 trailer bill" set the inflation adjustment at 6% per year.

5. Serrano v. Priest (1976).

6. See, for example, the review of numerous studies in Philip K. Piele and John Stuart Hall, Budgets, Bonds and Ballots: Voting Behavior in School Financial Elections (Lexington, Mass.: D.C. Heath and Company, 1973).

7. John E. Filer and Lawrence W. Kenny, "Voter Turnout and the Benefits of Voting," Public Choice 35 (1980), p. 577.

8. Ibid., p. 578.

9. See Jack W. Osman and Norton Grubb, "Adjustment from Disequilibrium in Local Finance: School Referenda in California," Childhood and Government Project, University of California, Berkeley, revised, 1980 (mimeo).

10. See, for example, the review in Piele and Hall, op. cit.

11. These are unweighted means for the 234 unified districts in our sample.

12. For an analysis of the motivations of school administrators with respect to holding elections, see Frederick M. Wirt and Michael W. Kirst, The Political Web of American Schools, (Boston: Little, Brown and Company, 1972). As stated by Wirt and Kirst, "most referenda should succeed because schoolmen would call for them only when and in the form that could guarantee victory." (p. 109) However, more recent evidence finds a majority of issues failing, which suggests that the factors motivating public school officials may have changed. See Jack W. Osman, "School Referenda: Local Sovereignity vs. Equality in Resource Allocation," IFG Report No. 80-B5, School of Education, Stanford University, April 1980.

13. Public school expenditure levels and educational quality will influence private school enrollment which, in turn, affects public school expenditure levels. The model implied is one of simultaneous determination.

14. In economic terms, the welfare functions of these voters include as arguments, both public and private school expenditures per student as well as associated prices, the implied tax price and the private tuition.

APPENDIX TABLE 1

VARIABLE LISTING

| Variable | Description |
|---|---|
| ADA | Average Daily Attendance, 1971-72 |
| *AGE518 | Percentage of population aged 5 through 18 |
| *AGE65 | Percentage of population aged 65 and over |
| ASIAN | Asians enrollment as percentage of total enrollment |
| *AVGINC | Average family income (thousands) |
| BLACK | Black enrollment as percentage of total enrollment |
| *COLLGE | Percentage of population college graduates |
| CURTAX | Current school tax rate |
| EXPEND | Total expenditures per ADA, 1973-74 |
| GROWTH | Five year growth rate in ADA, 1967-72 |
| *HIINC | Percentage of families with income of $15,000 or more |
| INCRS | Proposed increase in revenue limit (dollars) |
| JUNE | Election held in June = 1, Other dates = 0 |
| *LOWINC | Percentage of families with income of $4,000 or below |
| MNORTY | Minority enrollment as percentage of total enrollment |
| NOVMBR | Election held in Novemeber = 1, other dates = 0 |
| *PAROCH | Percentage of students in private, parochial schools |
| PASSP | Election Passing in Previous Year: Yes = 1, No = 0 |
| *POVRTY | Percentage of families with incomes below poverty level |
| *PROFOC | Percentage of population in professional occupations |
| PROP | Assessed Valuation/ADA, 1971-72 |
| *PRVATE | Percentage of students in private, nonparochial schools |
| SPANSH | Spanish enrollment as percentage of total enrollment |
| TAXLIM | Pre-SB90 tax rate limit, 1971-72 |
| TAXPAID | School property tax paid, per capita |
| TAXSPC | Special purpose tax rate, 1971-72 |
| TERM | Length of override: less than or equal to 10 years = 1, greater than 10 years = 0 |
| *UNEMPL | Percentage of labor force unemployed |
| YEAR | 1973-74 = 1; 1974-75 = 2; etc. |
| YESVOT | Percentage of voters voting yes |

* Variables reported in 1970 Census

APPENDIX TABLE 2

MEANS AND STANDARD DEVIATIONS FOR VARIABLES USED IN REGRESSION ANALYSIS

| Variable | Mean | Standard Deviation |
|---|---|---|
| **Timing:** | | |
| JUNE | .274 | .447 |
| NOVMBR | .208 | .407 |
| YEAR | 2.452 | 1.014 |
| PASSP | .089 | .286 |
| **Financial:** | | |
| INCRS | 166.15 | 173.87 |
| TAXPAID | 170.04 | 110.69 |
| TERM | .464 | .500 |
| CURTAX | 3.606 | 1.242 |
| TAXSPC | .284 | .215 |
| **Socio-economic:** | | |
| LOWINC | 13.615 | 6.617 |
| AVINC | 12.141 | 3.519 |
| **Race/Ethnic:** | | |
| BLACK | 4.032 | 8.194 |
| SPANSH | 13.351 | 12.220 |
| **Substitute:** | | |
| PAROCH | 4.409 | 3.589 |
| PRVATE | 1.685 | 3.167 |